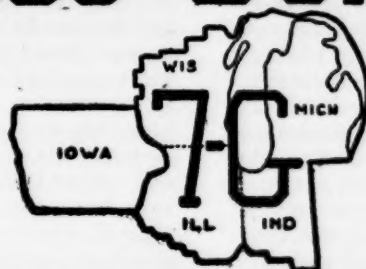


PROPERTY OF NORTH UNIVERSITY LIBRARY RECEIVED MAY 8 1930 BUSINESS CONDITIONS

SEVENTH
FEDERAL



RESERVE
DISTRICT

Volume 13, No. 5

MONTHLY REVIEW PUBLISHED BY THE
FEDERAL RESERVE BANK OF CHICAGO

April 30, 1930

General Summary

A SURVEY of current business conditions in this district, based mainly on March data, shows a slight betterment over February, for the most part seasonal, in the majority of important lines. In general, however, such seasonal gains were insufficient to bring the March level of activity to that obtaining in the corresponding month of 1929, and for the first quarter of 1930 figures show production and distribution in the district considerably below the first three months of the preceding year.

Seasonal trends were operative in the production and distribution of automobiles, output gaining over February but failing to equal the volume in March 1929, while the quarterly aggregates fell short of the corresponding totals a year ago; distribution, wholesale and retail, was also above February but declined as against March 1929. Activity in the district's steel industry was maintained at approximately 95 per cent of capacity in March, whereas a year ago the percentage was almost 100. Reports from steel foundries, and for pig iron production, showed gains over February and declines from March 1929.

In the matter of building construction, contract awards moved upward in value during March, but a 40 per cent decrease was registered for the first quarter of the year from the corresponding period of 1929, reflecting a continuation in March of the downward trend shown in the yearly comparison.

All phases of retail trade reporting to this bank reflected seasonal upswings in March, although the late Easter has tended to retard sales, while all registered decreases from a year ago; department store sales in the district dropped 13 per cent in the aggregate for the first quarter of the year. Decreased demand for meat products in Lent was reflected in lower March production and sales of packers; both items were under a year ago.

Current estimates indicate a smaller winter wheat crop than last year. Good progress has been made thus far with spring farm work; larger acreages of corn, potatoes, and small grains are indicated by

reports of farmers' intentions to plant. Production and sales of butter gained over February, but both items were under the same month of 1929; stocks, while still heavy, have been somewhat reduced.

Employment in the district showed a slight decline as between March 15 and February 15; reports from cities with free employment agencies indicate an improvement in demand for labor in March as a whole over February, as measured by the ratio of applicants to the number of positions available.

The volume of discounts at the Reserve bank continued at a low level; commercial loans of reporting member banks on April 16 gained over the corresponding period in March, while those on securities showed little change; commercial loans were in lesser volume than a year ago, and security loans heavier. March commercial paper sales and transactions in bankers' acceptances were unusually large. Rates in Chicago moved downward.

Credit Conditions and Money Rates

Total bills and securities of the Federal Reserve Bank of Chicago have declined almost steadily in volume since the first of the year. An increase of 7 million dollars, however, was reported on April 16 over the low point of 1930 on April 9. Loans to member banks are likewise at a very low level; holdings of United States securities have been higher in the first quarter of 1930 than in the preceding two years. Federal Reserve notes in circulation have declined in volume during the past seven weeks, the \$267,285,000 on April 16 comparing with \$305,700,000 on March 5.

FEDERAL RESERVE BANK OF CHICAGO, SELECTED ITEMS OF CONDITION

(Amounts in millions of dollars)

	APRIL 16 1930	CHANGE FROM MARCH 19 1930	APRIL 17 1929
Total Bills and Securities.....	\$121.3	\$- 1.7	\$-35.3
Bills Discounted	24.9	- 0.7	-33.6
Bills Bought	26.0	- 0.4	+19.2
U. S. Government Securities.....	70.5	- 2.0	+40.0
Total Reserves	539.8	+ 5.7	+ 8.4
Total Deposits	356.8	+24.2	+ 5.6
Federal Reserve Notes in Circulation...	267.3	-23.3	-33.6
Ratio of Total Reserves to Deposit and Federal Reserve Note Liabilities Com- bined	86.5%	+ 0.8	+ 5.0

Compiled April 26, 1930

Current demand for commercial loans in the district, while somewhat greater than a month ago, is not so heavy as at mid-April last year. Security loans of reporting member banks have moved upward slightly since the middle of March, and on April 16 exceeded the volume of April 17, 1929 by some seventy-five million dollars. The average rate earned on loans and discounts by six large Chicago banks during the calendar month of March dropped to 5.55 per cent, as compared with 5.89 in February and 6.14 per cent in March 1929. The prevailing rate on customers' commercial loans during the week ended April 15 averaged $4\frac{1}{2}$ to $5\frac{1}{2}$ per cent at six large banks in Chicago, and at ten smaller banks this class of loan carried $3\frac{3}{4}$ to 6 per cent, as against 5 to $5\frac{1}{2}$ per cent and $4\frac{1}{4}$ to 6 per cent, respectively, the middle of March. In Detroit, the average rate earned by five banks during March was 5.99 per cent, as compared with 6.07 per cent in February and 5.89 per cent a year ago. The prevailing rate on customers' prime commercial loans in Detroit during the week ended April 15 was $4\frac{1}{2}$ to 6 per cent. In the majority of other large centers in the district little change in rate levels was reported.

COMMERCIAL PAPER

March sales of commercial paper in the Middle West exceeded those of any other month subsequent to January 1927, being $19\frac{1}{2}$ per cent greater than a month earlier and 169 per cent larger than the limited volume of a year ago, according to a compilation for nine reporting dealers. Demand continued unusually strong for this class of investment because of attractive rates, while the supply remained fair to good. Selling quotations for the month ranged from $4\frac{1}{2}$ and $4\frac{3}{4}$ per cent for high to $3\frac{3}{4}$ and 4 per cent for low, most of the paper moving at 4 and $4\frac{1}{4}$ per cent. Outstandings of commercial paper, as reported by five dealers, increased $4\frac{1}{2}$ per cent on March 31 over a month previous and were 31 per cent above last year. For the first half of April, sales of four Chicago concerns aggregated about 10 per cent less than for the corresponding period of March; demand averaged between good and very good, being in excess of the supply which apparently has been reduced somewhat in recent weeks. Rates on April 15 opened at $3\frac{3}{4}$ per cent for low and 4 to $4\frac{1}{2}$ per cent for high, with the customary charge $3\frac{3}{4}$ to 4 per cent.

CHICAGO OPEN BILL MARKET

Aggregate purchases of five dealers in the Chicago bill market showed a further expansion of 27

CONDITION OF REPORTING MEMBER BANKS, SEVENTH DISTRICT

(Amounts in millions of dollars)

	APRIL 16 1930	CHANGE FROM	
		MARCH 19 1930	APRIL 17 1929
Total Loans and Investments.....	\$3,257	\$+43	\$-61
Loans on Securities.....	1,304	+ 3	+75
All other Loans.....	1,286	+17	-77
Investments.....	667	+23	-59
Net Demand Deposits.....	1,906	+71	+62
Time Deposits.....	1,210	+ 9	-24
Borrowings from Federal Reserve Bank....	8	+ 2	-79

per cent during the four weeks ended April 9 and continued to aggregate more than double those of a year ago. Sales remained at a high level and were one-third larger than for the corresponding period last year, although the volume fell off 21 per cent as compared with that of February 12 to March 13, the decline being largely due to a reduction in the demand from Chicago banks. Sales to out-of-town banks, on the other hand, established a new peak in contrast to the small volume a month ago. A moderate to good supply of bills was reported, with demand fair to good at the beginning of the period and rather limited at the close. Rates continued to ease during March but firmed slightly at the beginning of April; quotations closed on April 9 at $2\frac{7}{8}$ per cent for 30-day offerings to $3\frac{1}{8}$ per cent for those of 180 days. The bills represented transactions in grain, sugar, packing-house products, agricultural implements, cotton, coffee, merchandise, metal products, machinery, and a large list of miscellaneous commodities. Holdings were 86 per cent heavier than on March 12 and 80 per cent in excess of the corresponding date of 1929.

BANKERS' ACCEPTANCES

March transactions in bankers' acceptances in the Seventh district totaled in excess of any other month on record (June 1923), according to a compilation of the reports from fourteen accepting banks. The aggregate value of bills accepted during the month was 14 per cent greater than in February and 57 per cent above a year ago. A number of the accepting banks anticipated the fall in rates and bought more bills than usual; these acceptances were disposed of as soon as rates declined. Purchases increased 58 per cent in March, and a gain of 84 per cent was recorded in sales; each showed a substantial expansion in volume over the corresponding period of 1929. March 31 liability for outstanding acceptances was $7\frac{1}{2}$ per cent less than a month earlier, though 76 per cent greater than last March. Acceptance portfolios increased 24 per cent over February 28 and were 74 per cent larger than a year ago. The Federal Reserve Bank of Chicago reduced its purchases one-third in March from a month previous, and a corresponding decline in its holdings of this class of investment was shown at the end of the period.

During the first half of April, three Chicago banks accepted bills totaling 17 per cent less in value than in the corresponding weeks of March, inasmuch as a large number of firms had obtained funds when rates were at the low point and therefore withdrew from the market as soon as firmer levels were established. Acceptances were drawn principally for grain, packing-house products, sugar,

VOLUME OF PAYMENT BY CHECK SEVENTH DISTRICT

(Amounts in millions of dollars)

	MAR. 1930	PER CENT OF INCREASE OR DECREASE FROM	
		FEB. 1930	MAR. 1929
Chicago.....	\$4,354	+22.3	-16.3
Detroit, Milwaukee, and Indianapolis.....	1,565	+19.6	- 6.3
Total four larger cities.....	5,919	+21.6	-13.8
34 smaller centers.....	1,012	+14.5	- 8.8
Total 38 centers.....	6,931	+20.5	-13.1

coffee, merchandise, cotton, machinery, steel, chemicals, metalware, rice, dollar exchange, copper, tobacco, and textiles.

SAVINGS DEPOSITS

Seventh district savings deposits at 194 banks on April 1 were 3 per cent below the corresponding month of 1929, though totaling slightly in excess of the March 1 figure. In the comparison with last year all states registered a decline, while in that with a month previous Illinois, Indiana, and Michigan showed small gains. The number of depositors increased over a year ago in Indiana, Iowa, and Wisconsin, the declines in the other two states, however, resulting in a small loss for the district; the number of accounts showed little change as compared with March 1. The average account for all banks was more than 2 per cent under that of April 1, 1929. Individually, the heaviest decrease of 7 per cent was recorded by Wisconsin. All states with the exception of Wisconsin registered a slight increase in this item over the preceding month. Regular savings deposits at twenty-five reporting banks in Chicago on April 1 increased more than three and one-half million dollars over the figure of a month previous, although accounts were approximately two thousand less in number.

SECURITY MARKETS

A decided improvement in the tone of the Chicago bond market developed during March; increased activity and higher prices featured trade. A firming trend of the high grade issues characterized the early part of the month, and in the third week many bond prices reached the best levels of 1928 or earlier. Unlike previous weeks which were dominated by the high grade issues only, activity included some of the second and third grade bonds. Factors tending to stimulate this broadening of activity were the low money rates prevailing, and in so far as foreign issues were concerned, rate reductions by some of the European central banks. New offerings during March totaled considerably greater than in previous months of 1930 and also larger than in March 1929. The major portion of these new issues comprised railroad offerings and obligations of other well known corporations. Demand during the period continued to come largely from the institutional type of buyer, particularly for higher grade issues; this factor aided in the satisfactory absorption of offerings. Irregularity of trading and lessened activity, accompanied by a tendency toward softening of prices, developed during the first half of April. The price trend on the Chicago Stock Exchange has been generally upward during the past month. The average price of twenty leading stocks,* which on March 15 was \$147.33, amounted to \$157.09 on April 15.

*Chicago Journal of Commerce.

Agricultural Products

A 79,400,000 bushel crop of winter wheat is forecast for the five states including the Seventh Federal Reserve district, by the United States Depart-

ment of Agriculture. The decline of 8½ per cent in 1930 production from last year's harvest is due to heavy abandonment and lower condition this spring than in 1929 and to the reduction in acreage. March 1 intentions of farmers point to the possibility of the district's planting a slightly larger acreage to corn, potatoes, and small grain than a year ago; some reduction, however, is indicated in the acreage of barley and of hay. Spring plowing and other farm work had made rapid progress by the middle of April; pastures and winter rye were reported as in good condition.

Government figures place the United States crop of winter wheat at 550,000,000 bushels for 1930, this being about the average production, though 28,000,000 bushels less than harvested in 1929.

GRAIN MARKETING

Wheat receipts at interior primary markets in the United States fell off during March to the lowest point since June 1928, totaling about one-third less than in March 1929 and one-fifth below the five-year average for the month. Reshipments rose slightly from a month previous but remained well under figures for a year ago and the 1925-1929 average for March. Preliminary export figures show March volume at a low level; however, reports of increased foreign buying in the first half of April and the coincident upswing in prices indicate a reduction of European domestic surpluses. Commercial stocks of wheat declined between March 31 and April 12, but still exceeded those of a year ago. A 20 per cent drop from February marked trading in wheat futures on the Chicago Board of Trade. Price changes were downward during the first half of the month, followed by partial recovery.

Corn receipts and shipments at primary centers continued to decline, and were below March last year and the five-year average for the month. The movement of oats improved and was somewhat larger than the limited volume in the same month a year ago. Visible supplies of corn and oats were slightly less on April 12 than at the middle of March. Future trading in corn on the Chicago Board of Trade increased 32 per cent over February. Corn and oats prices moved downward during the first half of the month, followed by some strength.

LIVE STOCK SLAUGHTER (In thousands)

	CATTLE	HOGS	LAMBS AND SHEEP	CALVES
Yards in Seventh District,				
March, 1930	179	654	352	119
Federally Inspected Slaughter,				
United States				
March, 1930	615	3,392	1,358	388
February, 1930	561	4,034	1,187	329
March, 1929	632	3,645	1,006	409

AVERAGE PRICES OF LIVE STOCK (Per hundred pounds at Chicago)

	WEEK ENDED APRIL 19,	MARCH	MONTHS OF FEBRUARY	MARCH
	1930	1930	1930	1929
Native Beef Steers (average)	\$11.85	\$12.35	\$12.30	\$12.70
Fat Cows and Heifers	8.35	8.75	8.75	10.20
Calves	9.25	11.20	11.65	15.10
Hogs (bulk of sales)	10.10	10.20	10.65	11.55
Yearling Sheep	7.75	8.40	8.85	14.00
Lambs	9.10	10.20	10.95	16.85

MEAT PACKING

A reduction of more than 6 per cent from February was recorded in production at slaughtering establishments in the United States during March, with operations continuing below the level of a year ago. Employment trended downward as in the preceding month, and showed a decline at the end of the period of 6 per cent in number of workers, 3 per cent in hours worked, and of 5 per cent in payrolls as compared with February. Demand was affected to some extent by unemployment conditions and by the usual observance of Lent. Trade in domestic markets averaged fair for lard, fresh pork, and lamb; was good for dry salt pork; and remained rather sluggish for beef and veal. The inquiry for smoked meats improved. Sales billed to domestic and foreign customers decreased $5\frac{1}{2}$ per cent in March from February and were $10\frac{1}{2}$ per cent below the corresponding period of 1929. Prices for the majority of packing-house products averaged less than in the preceding month; quotations on fresh beef held barely steady, while those on beef rounds, lamb saddles, pork loins, and mutton advanced. Inventories at packing plants and cold-storage warehouses in the United States were reduced slightly on April 1 from a month earlier, aggregating less than a year ago and the 1925-29 average for April 1; holdings of beef and lamb increased in the two latter comparisons. Domestic demand was reported as fair at the beginning of April. March shipments for export were indicated as being somewhat lighter than in February; a few reporting firms experienced an increase. Foreign demand remained quiet during the entire period. Prices in European countries were fairly well in line with Chicago parity.

DAIRY PRODUCTS

Low prices appear to have had a retarding influence on the trend of butter production in the Seventh district during March, as a compilation of the reports from sixty-eight creameries reflects a smaller expansion than usual for the month, the volume being only 9 per cent more than in February and 13 per cent less than a year ago. Sales showed a seasonal gain of 14 per cent but were 4 per cent

lighter than for the corresponding month of 1929. Production in the United States followed a trend similar to that in this district. Stocks of creamery butter in cold-storage warehouses and packing plants in the United States remain unwieldy, although they were reduced on April 1 from a month earlier. Quotations firmed in the comparison with February but were substantially lower than last March.

The Wisconsin production of American cheese, as indicated by receipts of the commodity at primary markets of the state, showed a further expansion of 8 per cent during the four weeks ended March 29 and exceeded that of last year by 6 per cent; distribution showed little change in the aggregate from the preceding period but gained 23 per cent over a year ago. Quotations eased from February. Total holdings of cheese at cold-storage warehouses and packing plants in the United States decreased further on April 1 and continued less than in 1929, although they were 7,000,000 pounds heavier than the 1925-29 April 1 average.

Industrial Employment Conditions

Small decreases in number employed and in payrolls during the period February 15 to March 15 were registered in the Seventh Federal Reserve district, Wisconsin excepted, and in nine of the fourteen groups surveyed. Manufacturing employment suffered a loss of about one per cent, while non-manufacturing totals were about 2 per cent off in number of men and 6 per cent less in payrolls than in February. The 5 per cent recession in the food products group was produced by a general decline in meat packing, in flour production and canning in Wisconsin, and in miscellaneous groceries and tobacco manufacturing. In the metal products group, iron and steel continued their recent upward trend, but the average for the group was brought down by curtailment in Illinois plants producing machinery and electrical apparatus. Smaller than seasonal improvement was shown in the stone, clay and glass products, chemicals, and rubber products groups; vehicles continued the recent expansion, with employment in automobile and accessory plants somewhat larger than in February but much below a year ago.

EMPLOYMENT AND EARNINGS—SEVENTH FEDERAL RESERVE DISTRICT

INDUSTRIAL GROUPS	NUMBER OF REPORTING FIRMS	NUMBER OF WAGE EARNERS			TOTAL EARNINGS		
		WEEK ENDED			WEEK ENDED		
		MARCH 15 1930	FEBRUARY 15 1930	PER CENT CHANGE	MARCH 15 1930	FEBRUARY 15 1930	PER CENT CHANGE
Metals and metal products (other than vehicles).....	527	190,069	191,752	- 0.9	\$ 5,673,859	\$ 5,867,941	- 3.3
Vehicles	66	41,873	41,113	+ 1.8	1,228,105	1,183,654	+ 3.8
Textiles and textile products.....	138	30,482	30,642	- 0.5	658,258	698,322	- 5.7
Food and related products.....	298	46,272	48,496	- 4.6	1,212,076	1,276,827	- 5.1
Stone, clay, and glass products.....	116	11,916	11,445	+ 4.1	328,021	308,939	+ 6.2
Lumber and its products.....	230	29,176	29,376	- 0.7	635,129	636,459	- 0.2
Chemical products	62	10,338	10,117	+ 2.2	273,701	267,001	+ 2.5
Leather products	65	16,304	16,409	- 0.6	344,688	353,574	- 2.5
Rubber products*	6	3,257	3,212	+ 1.4	70,523	69,265	+ 1.8
Paper and printing.....	246	33,598	34,177	- 1.7	1,053,163	1,065,808	- 1.2
Manufacturing (total of 10 groups).....	1,754	413,285	416,739	- 0.8	11,477,523	11,727,790	- 2.1
Merchandising**	134	27,839	28,871	- 3.6	739,113	762,197	- 3.0
Public Utilities	80	94,236	95,811	- 1.6	3,069,227	3,246,482	- 5.5
Coal Mining	37	10,410	10,578	- 1.6	240,164	325,620	-26.2
Building and Construction.....	207	10,585	10,572	+ 0.1	347,559	343,830	+ 1.1
Employment (total of 14 groups).....	2,212	556,355	562,571	- 1.1	15,873,586	16,405,919	- 3.2

*Wisconsin only. **Illinois and Wisconsin.

General improvement in the demand for labor was shown during March in cities with free employment offices, as evidenced by a declining ratio of applicants to positions available in Illinois, Indiana, and Iowa. The ratios for March with comparisons were:

	March 1930	Feb. 1930	March 1929
Illinois	209	246	156
Indiana	136	181	101
Iowa	329	346	325

The Department of Agriculture figures on farm labor supply and demand on April 1, 1930, show the greatest excess of supply over demand since figures were first collected in 1923. With labor supply normal and demand only about 85 per cent of average, the supply is quoted as 117 per cent of demand for the country as a whole, as compared with 104 per cent in April 1929. In the north central states supply is slightly greater than usual and represents 118 per cent of the demand. Michigan shows the highest percentage of all the states, supply being 138 per cent of demand, while on April 1, 1929, it was 101 per cent. Indiana and Wisconsin both exceed the average for the north central states, while Illinois and Iowa show slightly better conditions. The United States index of farm wages on April 1 rose 3 points above January 1, which is considerably less than the usual seasonal increase for this period, reflecting the presence of a labor surplus from the small volume of industrial employment. In the north central states farm wages were slightly higher than on January 1, but less than April wages in the three preceding years.

Manufacturing

AUTOMOBILE PRODUCTION AND DISTRIBUTION

Output of automobiles from plants in the United States continued to expand in March, but operations remained considerably below the 1929 level. The number of passenger cars produced during the month totaled 335,789, an increase of 22 per cent over February and 35 per cent under the volume of last March. Output in the first quarter of the year totaled 846,127, or one-third less than in the same period of 1929 and slightly under the first quarter of 1928. Trucks produced in March aggregated 64,200, gaining 36 per cent over the preceding

MIDWEST DISTRIBUTION OF AUTOMOBILES
Changes in March 1930 from previous months

	PER CENT CHANGE FROM		COMPANIES INCLUDED	
	FEBRUARY 1930	MARCH 1929	FEBRUARY 1930	MARCH 1929
New cars				
Wholesale—				
Number sold.....	+20.7	-53.2	31	31
Value	+24.7	-48.2	31	31
Retail—				
Number sold.....	+48.6	-32.1	63	61
Value	+44.0	-40.7	63	61
On hand March 31—				
Number	- 6.4	- 8.9	63	61
Value	- 4.9	- 9.9	63	61
Used cars				
Number sold.....	+35.1	-14.9	63	61
Salable on hand—				
Number	- 1.0	+13.2	63	61
Value	- 6.1	- 5.7	63	61

month and declining 8 per cent from a year ago; first-quarter output of 149,456 was 17 per cent smaller than for the corresponding three months last year.

For the third successive month, wholesale distribution of automobiles in the Middle West showed considerable expansion over a month previous. Sales by retail dealers likewise were much larger than in February, seasonal factors producing a better demand, and the number of used cars sold continued to gain. However, no improvement can be noted in comparisons with a year ago. Stocks of new cars on hand the end of March averaged somewhat smaller than a month previous or on the corresponding date last year, March being the second month to show a decline in the latter comparison; used cars on hand March 31 also declined in volume from the end of February and averaged slightly less in value than a year ago though larger in number. The value of cars sold on the deferred payment plan during March totaled about 48 per cent of retail sales by dealers reporting the item, which was a slightly lower ratio than for the same firms in February, but the proportion was a little greater than in the same month of 1929.

IRON AND STEEL PRODUCTS

Improvement over February was evident in March sales and shipments of steel mills in the Chicago district. Despite the fact that production was maintained at a high rate throughout the month, order books the first of April showed a substantial volume of business on hand. The railroads and agricultural machinery industry continued to feature buying in March, with requirements of the automobile industry still less than usual for this season of the year. Somewhat greater activity has been evident in building construction. Average daily pig iron production in March for the Illinois and Indiana district gained slightly over the preceding month but was lower than for the corresponding month of 1929 or 1928.

Prices of finished steel at Chicago showed some weakness the latter part of March and the early part of April. Tank plates, structural shapes, steel bars, and sheets declined. The composite price of finished steel products for the United States, as compiled by *Iron Age*, dropped to 2.264 cents per pound on April 1 from a level of 2.312 cents maintained since February 25. Scrap iron and steel prices at Chicago, though displaying some softness

WHOLESALE AND RETAIL LUMBER TRADE

	MARCH 1930 PER CENT CHANGE FROM		NUMBER OF FIRMS INCLUDED
	FEBRUARY 1930	MARCH 1929	
Wholesale—			
Sales in Dollars.....	+ 6.9	-30.6	13
Sales in Board Feet.....	+23.6	-32.2	11
Accounts Outstanding	+ 1.8	-12.4	12
Ratio of Accounts Outstanding to			
Dollar Sales	177.3	177.6	147.6
MAR. 1930 FEB. 1930 MAR. 1929			
	MARCH 1930 PER CENT CHANGE FROM		NUMBER OF YARDS INCLUDED
	FEBRUARY 1930	MARCH 1929	
Retail—			
Sales in Dollars.....	+26.9	- 9.1	206
Accounts Outstanding	+ 3.8	+ 3.5	192
Ratio of Accounts Outstanding to			
Dollar Sales	301.3	369.0	266.3
MAR. 1930 FEB. 1930 MAR. 1929			

toward the end of March, have shown little change in recent weeks.

Reports from steel casting foundries of the Seventh district show activity at a higher level in March than a month previous; orders booked gained 17 per cent in tonnage, as did shipments, while production expanded 8 per cent; as compared with March last year, the tonnage of new orders totaled about one per cent more, but shipments declined 17 per cent and production 22 per cent. Orders booked at malleable foundries totaled 4 per cent heavier in March than in February, shipments were 2 per cent smaller, and production was 5 per cent less; activity averaged considerably below the level of March 1929. Shipments by stove and furnace manufacturers in March aggregated heavier than a month previous but slightly under a year ago, while new orders and production were smaller in both comparisons.

FURNITURE

March returns indicate that furniture manufacturers in the Seventh district have little more than maintained February's volume of business. Aggregate shipments for March increased only 2 per cent, whereas the usual rate of gain over February is approximately 14 per cent. Orders booked showed no change. A large amount of cancellations, which counteracted the influence of the low volume of shipments, effected a more-than-seasonal reduction in unfilled orders, the decline amounting to 25 per cent. As compared with March 1929, recessions of 24, 29, and 46 per cent were registered in shipments, orders booked, and unfilled orders, respectively. The average rate of operations fell from 66 per cent in February to 61 per cent, and compares with 76 per cent maintained a year ago.

Building Material, Construction Work

Wholesale distribution of lumber in the Middle West during March failed to increase seasonally, though totaling slightly larger in volume than in the preceding month. Northern producers experienced some decline in volume sawed, despite the fact that demand for softwoods was fairly well sustained; this contrasts with a moderately larger production by members of nine associations in the United States. The unsatisfactory volume for March was a reflection, in part at least, of the failure of industrial demand for lumber to maintain the upward tendency shown during the first part of the year, and to uncertainty and delay in large construction projects.

WHOLESALE TRADE IN MARCH 1930

COMMODITY	PER CENT CHANGE FROM SAME MONTH LAST YEAR				Ratio of Accts. Out- standing to Net Sales
	Net Sales	Stocks	Accts. Out- standing	Collections	
Groceries	(28)+ 1.0	(19)-12.2	(24)-10.6	(20)- 2.4	(24) 88.2
Hardware	(14)-15.2	(10)- 3.4	(14)- 7.9	(10)- 1.4	(15) 214.8
Dry Goods	(10)-24.7	(8)- 2.8	(10)-11.4	(9)-19.4	(10) 337.5
Drugs	(11)- 9.1	(9)+ 3.1	(10)- 0.1	(6)+ 2.9	(10) 144.8
Shoes	(8)-42.4	(6)+ 1.3	(7)- 9.8	(6)-29.8	(7) 352.9
Electrical Sup- plies	(35)-19.9	(25)-10.6	(33)-13.4	(23)- 8.9	(35) 155.6

Figures in parentheses indicate number of firms included.

More favorable factors influenced the demand for lumber at retail, which registered a large increase over February and was only 9 per cent under a year previous. Good weather during the first three weeks of March permitted work on small construction and general repairs which had been delayed during the winter months. Movement of lumber into the Chicago market increased seasonally, accompanied by a low volume of reshipments. Net receipts amounted to 28 per cent more than in February and 30 per cent under March 1929. For the first three months of 1930 as compared with 1929, gross receipts were 34 per cent less, reshipments 31 per cent lower, and net receipts 36 per cent smaller.

BUILDING CONSTRUCTION

March awards for new building work in the Seventh Federal Reserve district totaled \$73,812,480, or an increase of 94 per cent over February; as compared with the same month's total last year, a decline of 31 per cent was registered. Residential building aggregating \$16,508,875, or 22 per cent of all awards, was 73 per cent greater than a month previous, but dropped 53 per cent below the 1929 figure for March. Construction awards for the first quarter of 1930 reached a total of \$151,701,469, which is a drop of 40 per cent from the \$254,572,922 during the first three months of last year. In a like comparison for residential awards amounting to \$36,145,134 in the first quarter of this year, a decline of 54 per cent was shown.

A total of 9,916 permits was issued during March in 100 cities of the Seventh district, representing an estimated cost of proposed work of more than 23 million dollars. As compared with February, these figures reflected gains of 70 per cent in number and 10 per cent in estimated valuation; against a year ago, however, respective declines of 25 and 59 per cent were recorded. Chicago, Milwaukee, and Indianapolis did not follow the trend of the district in the monthly comparison, each showing a decrease in estimated cost. Des Moines, another of the larger reporting cities, had an outstanding gain over March 1929 of 182 per cent.

Merchandising

Seasonal expansion was general during March in reporting lines of wholesale trade; grocery sales increased 12 per cent over the preceding month, those of hardware were 35 per cent larger, dry goods gained 17 per cent, drugs 14 per cent, shoes 43 per cent, and electrical supplies 5 per cent. The

DEPARTMENT STORE TRADE IN MARCH 1930

LOCALITY	PER CENT CHANGE MARCH 1930 FROM MARCH 1929		PER CENT CHANGE THREE MONTHS 1930 FROM THREE MONTHS 1929		RATIO OF MARCH COLLECTIONS TO ACCOUNTS OUTSTANDING FEBRUARY 28	
	NET SALES	STOCKS- END OF MONTH	NET SALES		1930	1929
Chicago	-22.3	+ 3.4	-13.3		33.0	36.7
Detroit	-25.2	-11.8	-21.3		39.2	45.6
Indianapolis ..	-16.8	+14.3	- 8.0		39.2	41.9
Milwaukee	-11.1	+ 7.1	- 3.0		46.3	47.9
Other Cities ..	-16.7	- 4.1	- 9.4		36.2	36.9
7th District ..	-20.7	- 0.1	-13.4		37.9	41.5

increase in drugs, shoes, and electrical supplies was less than in the same period of the two preceding years, while that in groceries was greater. To unemployment and inclement weather conditions was attributed the failure of certain lines to show the usual expansion. Except in groceries, trade continued in March to aggregate less than for the corresponding period a year ago. For the first quarter of 1930 as compared with the same three months of 1929, grocery sales were about the same in volume, while wholesale hardware trade totaled 12 per cent smaller, dry goods 23 per cent, drugs 7 per cent, shoes 36 per cent, and electrical supplies 13 per cent less.

The later date of Easter this year was partly responsible for the failure of department stores in this district to show a larger gain over February in the volume of their March sales. The aggregate for 111 stores increased only 11 per cent, while last year March business exceeded that in the preceding month by over 25 per cent. Partly because of this factor also, sales recorded a considerable decline (21 per cent) in March this year from last, although the volume has been lower in the year-to-year comparison in each month of 1930 to date. Sales in the first quarter totaled 13 per cent under the same period of 1929, Detroit with a decline of 21 per cent recording the heaviest recession of the larger cities. A smaller rate of stock turnover has also been evident in the first three months of this year, an average of .81 times comparing with .92 last year.

In the retail shoe trade, the aggregate volume of merchandise sold in March, though increasing 29

per cent over the preceding month, totaled 29 per cent under March last year, practically all firms sharing in the decline. For the year through March, sales aggregated 16 per cent below the same period of 1929; all reporting retail dealers had smaller sales and only six of twenty-five department stores increased their sales. The volume of furniture and house furnishings sold at retail in March exceeded that of the preceding month by 11 per cent, with installment sales by dealers, however, gaining only 5½ per cent. As compared with March last year aggregate sales were 8 per cent less and those made on the installment plan 17 per cent smaller. First-quarter sales of 105 retail hardware dealers in the five states of the district totaled 6 per cent less than in the same period of 1929, all states sharing in the decline.

Chain store trade increased in March over February but was below the corresponding month of 1929. Total sales by twenty-one chains operating about 2,900 stores during the month gained 10 per cent in the monthly comparison and declined 3 per cent in that with last March; average sales per store were larger by 8 per cent than in February but 14 per cent under the average a year ago; the number of units increased one and 14 per cent in the respective comparisons. All lines except men's clothing and shoes recorded heavier sales than in February, while as compared with March last year, drug and cigar chains had larger sales, grocery, five-and-ten-cent, shoe, furniture, musical instruments, and men's and women's clothing chains showing a smaller volume sold.

MONTHLY BUSINESS INDICES COMPUTED BY FEDERAL RESERVE BANK OF CHICAGO

(Index numbers express a comparison of unit or dollar volume for the month indicated using the monthly average for 1923-1924-1925 as a base, unless otherwise indicated. Where figures for latest month shown are partly estimated on basis of returns received to date, revisions will be given the following month. Data refer to the Seventh Federal Reserve District unless otherwise noted.)

	No. of Firms	Mar. 1930	Feb. 1930	Mar. 1929	Feb. 1929
Meat Packing—(U. S.)—					
Sales (in dollars).....	64	103	109	115	112
Casting Foundries—					
Shipments:					
Steel—In dollars.....	15	86	77	100	93
In tons.....	15	92	78	109	104
Malleable—In dollars.....	23	72	73	105	88
In tons.....	23	102	103	142	127
Stoves and Furnaces—					
Shipments (in dollars).....	11	88	78	96	88
Furniture—					
Orders (in dollars).....	26	68	68	95	98
Shipments (in dollars).....	26	82	80	108	97
Electric Energy—					
Output of Plants (KWH).....	8	146	135	163	157
Industrial Sales (KWH).....	8	183	173	189	185
Flour—					
Production (in bbls.).....	27	97	97	87	92
Output of Butter by Creameries—					
Production.....	72	88	81	102	85
Sales.....	72	91	80	96	81
Iron and Steel—					
Pig Iron Production: ¹					
Illinois and Indiana.....	129	127	147	137	
United States.....	107	103	122	117	
Steel Ingot Production—(U. S.) ¹	124	127	146	135	
Unfilled orders U. S. Steel Corp.	96	94	92	87	
Automobile Production (U. S.):					
Passenger cars.....	114	94	174	138	
Trucks.....	182	134	198	166	
Stamp Tax Collections—					
Sales or Transfers of Capital Stock.....	426	439	494	589	
Sales of Produce on Exchange-Futures	103	81	70	80	
U. S. Primary Markets—					
Grain Receipts:					
Oats.....	43	36	41	49	
Corn.....	95	139	104	150	
Wheat.....	47	59	78	80	
Grain Shipments:					
Oats.....	45	38	38	32	
Corn.....	56	64	63	74	
Wheat.....	34	32	49	47	

	No. of Firms	Mar. 1930	Feb. 1930	Mar. 1929	Feb. 1929
Wholesale Trade—					
Net Sales (in dollars):					
Groceries.....	31	93	84	92	84
Hardware.....	14	82	61	97	64
Dry Goods.....	10	66	57	88	74
Drugs.....	14	105	94	115	99
Shoes.....	8	73	51	127	66
Retail Trade (Dept. Stores)—					
Net Sales (in dollars):					
Chicago.....	30	89	85	116	93
Detroit.....	4	125	113	167	142
Indianapolis.....	5	90	77	109	75
Milwaukee.....	5	95	84	107	82
Other Cities.....	51	91	75	107	76
Seventh District.....	95	96	88	122	96
Freight Carloadings—(U. S.)—					
Grain and Grain Products.....	86	100	91	99	
Live Stock.....	70	80	72	82	
Coal.....	80	104	86	125	
Coke.....	84	99	105	120	
Forest Products.....	81	83	95	89	
Ore.....	24	23	30	26	
Merchandise and Miscellaneous.....	103	100	112	104	
Total.....	92	95	100	103	
Building Construction—					
Contracts awarded (in dollars):					
Residential.....	56	33	120	74	
Total.....	108	56	157	102	
Permits:					
Chicago.....	Number	17	11	54	24
Cost.....	17	20	75	32	
Indianapolis.....	Number	57	40	59	30
Cost.....	37	42	88	40	
Des Moines.....	Number	47	22	45	18
Cost.....	81	7	29	12	
Detroit.....	Number	45	29	77	32
Cost.....	40	27	91	42	
Milwaukee.....	Number	75	44	74	47
Cost.....	66	116	107	64	
Others (45).....	Number	62	33	83	26
Cost.....	44	37	89	48	
Fifty Cities.....	Number	56	33	74	32
Cost.....	32	32	83	40	

¹Average daily production; ²First Illinois internal revenue district; ³Monthly average receipts 1923-24-25 = 100.

NATIONAL SUMMARY OF BUSINESS CONDITIONS

(By the Federal Reserve Board)

INDUSTRIAL production declined in March, while factory employment and payrolls showed little change, and wholesale prices continued to decline. There was an increase in construction, as is usual at this season. Interest rates continued to decline in the first three weeks of March, but later became somewhat firmer.

PRODUCTION

Production in basic industries declined in March, contrary to the usual seasonal trend. Average daily output of steel, coal, and copper decreased substantially, while output of cotton and wool textiles declined at about the usual seasonal rate. Production of automobiles and lumber increased.

For the first quarter of the year, taken as a whole, output of basic industries was considerably smaller than in the unusually active first quarter of 1929 and smaller than in any other first quarter since 1925. In the steel and automobile industries output for the first three months, though smaller than in 1929, was about the same as in the corresponding months in 1928, while in most of the other major industries it was smaller than in either of the two preceding years.

Building contracts awarded increased substantially in March, as is usual at this season, according to reports of the F. W. Dodge Corporation. In comparison with a year ago, a large increase in contracts for public works and utilities was more than offset by a decrease in residential building. Average daily awards in the first half of April were somewhat larger than in March, but continued smaller than a year ago.

EMPLOYMENT

Factory employment and payrolls, which usually increase during March, changed little from February and continued to be considerably smaller than in other recent years. The number of workers employed in the automobile industry increased somewhat less than is usual at this season and reductions in employment and in earnings were reported in the iron and steel, machinery, and car building industries.

DISTRIBUTION

Freight carloadings which have been at low levels in recent months, did not show the usual seasonal increase during March. Department store sales continued in smaller volume than a year ago.

WHOLESALE PRICES

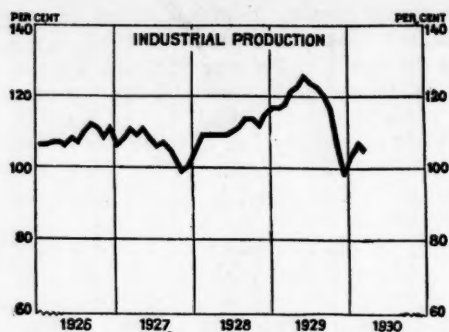
Wholesale prices, which began to decline last summer, continued to move downward in March to the lowest level since 1916, the decline reflecting chiefly sharp decreases in prices of agricultural products. Prices of imported raw materials, such as sugar, coffee, and silk, fluctuated around the low levels reached in February. The price of silver advanced slightly from the low point reached early in March. In the last week in March and the first week in April, there were advances in prices of agricultural products, especially grain and cotton, while the price of steel declined. On April 15 the price of copper was sharply reduced, and in the same week prices of a number of other important commodities also declined.

BANK CREDIT

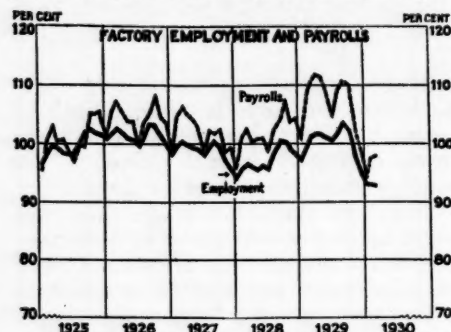
At member banks in leading cities total loans and investments increased in the four-week period ending April 16, reflecting a growth of \$184,000,000 in loans on securities and of \$80,000,000 in investments, offset in part by a further decrease of \$186,000,000 in "all other" loans.

Member bank indebtedness at the reserve banks and total reserve bank credit declined further between the weeks ending March 15 and April 12, reflecting primarily additional imports of gold from the Orient. In the third week of March money rates in the open market reached the lowest levels since 1924, but in the next three weeks were somewhat firmer. Rates on commercial paper declined to a range of $3\frac{3}{4}$ to 4 per cent on March 24 and remained steady at that level; rates on 60- to 90-day bankers' acceptances were reduced to $2\frac{1}{2}$ per cent on March 20 but later advanced to 3 per cent. Bond yields, after declining during most of March, increased gradually in the first half of April.

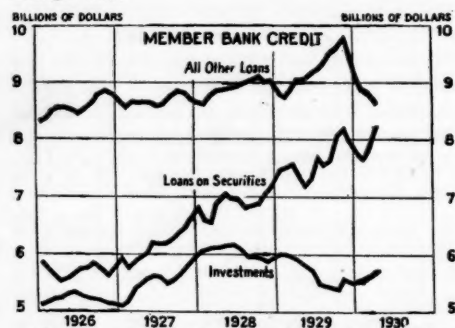
During April the rediscount rates of the Federal Reserve banks of Richmond, Atlanta, St. Louis, Minneapolis, and Dallas were reduced to 4 per cent, the rate prevailing at all of the reserve banks except New York where the rate is $3\frac{1}{2}$ per cent.



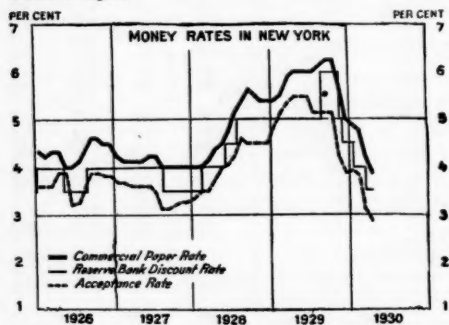
Index of manufactures and minerals combined, adjusted for seasonal variations (1923-25 average=100).



Index numbers of factory employment and payrolls, without adjustment for seasonal variations (1923-25 average=100).



Monthly averages of weekly figures for reporting member banks. Latest figures, averages of first three weeks in April.



Monthly rates in the open market in New York: commercial paper rate on 4- to 6-month paper; acceptance rate on 90-day bankers' acceptances.

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